



Ninety-Eighth Legislature - First Session - 2003
Committee Statement
LB 216

Hearing Date: January 27, 2003

Committee On: Banking, Commerce and Insurance

Introducer(s): (Banking, Commerce and Insurance Committee)

Title: Change provisions relating to insurance

Roll Call Vote – Final Committee Action:

Advanced to General File

X Advanced to General File with Amendments

Indefinitely Postponed

Vote Results:

8 Yes Senator Quandahl, Tyson, Foley, Jensen, Johnson, Loudon,
 Mines, Redfield

No

Present, not voting

Absent

Proponents:

Senator Mark Quandahl

Tim Wagner

Janis McKenzie

Coleen Nielsen

Ted Fraizer

Bob Skochdopole

Representing:

Introducer

NE Department of Insurance

NE Insurance Federation

NE Insurance Information Service

American Insurance Association

National Association of Independent Insurers

Opponents:

Representing:

Neutral:

Representing:

Summary of purpose and/or changes:

LB 216 (Banking, Commerce and Insurance Committee), introduced at the request of the Department of Insurance, would amend various sections within the insurance statutes. The bill would provide, section by section, as follows:

POWERS OF THE DEPARTMENT OF INSURANCE

Section 1 would amend section 44-113 to provide for repeal of the requirement that the department transmit an annual report in print to the Governor and to the Legislature, and to provide that the department may transmit the report by electronic format.

Section 2 would amend section 44-114 to provide the department with authority to impose a fee for the licensing of statistical agents.

GENERAL PROVISIONS RELATING TO INSURANCE

Section 3 would amend section 44-322 to provide that the director may require foreign and alien insurers which file financial statements to file such statements in electronic form with the National Association of Insurance Commissioners, from which the department could retrieve financial statements. (Domestic insurers would continue to file financial statements directly with the department.) This section would provide that fees, premium tax payments, and other payments associated with financial statement filings shall be paid to the director.

POLICY PROVISIONS

Section 4 would amend section 44-407.14 to provide for a reduction in the statutory minimum non-forfeiture interest rate requirement for individual fixed annuity contracts from three percent to one and one-half percent.

STANDARD PROVISIONS AND FORMS

Section 5 would amend section 44-501 to restore the authority of the director to approve property and casualty forms that differ from the 1943 Standard Fire Insurance Policy of the State of New York, and thereby overturn the pertinent portion of the Nebraska Supreme Court opinion in Volquardson v. Hartford Ins. Co., 246 Neb. 337 (2002).

PRIVACY OF INSURANCE CONSUMER INFORMATION

Section 6 would amend section 44-924 of the Privacy of Insurance Consumer Information Act to provide the director with explicit rule and regulation authority to establish standards that licensees must meet in the development and implementation of safeguards to protect the security, confidentiality, and integrity of consumer and customer information.

VIATICAL SETTLEMENTS

Section 7 would amend section 44-1103 of the Viatical Settlements Act to provide that an application for a viatical settlement provider license shall be accompanied by a fee established by the director of not to exceed \$1,500 rather than not to exceed \$100.

Section 8 would amend section 44-1106 of the Viatical Settlements Acts to provide that every “viatical settlement provider” rather than “licensee” shall file with the director an annual statement, in order to clarify that annual statements need not be filed by viatical settlement brokers.

TITLE INSURANCE

Section 9 would amend section 44-1994 of the Title Insurers Act to conform its provisions regarding good funds with the definition of “good funds” in the real estate closing

agent statutes (section 76-2,121(2)(d)) by including warrants of Omaha and Lincoln as good funds.

Section 10 would amend section 44-19,116 of the Title Insurance Agent Act to conform its provisions regarding good funds with the definition of “good funds” in the real estate closing agent statute (section 76-2,121(2)(d)) by including warrants of Omaha and Lincoln as good funds.

LIFE AND HEALTH INSURANCE GUARANTY

Section 11 would amend section 44-2707 of the Nebraska Life and Health Insurance Guaranty Association Act to provide for insertion of omitted words “not” in language which provides for calculation of the amount of payment to a domiciliary regulator out of deposits held by the department.

INSURERS INVESTMENTS

Section 12 to 15 would amend sections 44-5101, 44-5110, and 44-5138 of the Insurers Investment Act and would enact a new section within such act to provide that an insurer may engage in reverse repurchase transactions as set forth.

THIRD-PARTY ADMINISTRATORS

Section 16 would amend section 44-5814 of the Third-Party Administration Act to repeal language which authorizes the director to “refuse to renew” as well as suspend the certificate of authority of a third-party administrator for noncompliance with this section because third-party administrator certificates of authority are not renewed on an annual basis.

PROPERTY AND CASUALTY INSURANCE RATES AND FORMS

Sections 17 to 22 would amend sections 44-7501, 44-7507, 44-7513, and 44-7515 of the Property and Casualty Insurance Rate and Form Act and would enact two new sections within such act to change form review status by the department for commercial lines insurance from “prior approval” to “file and use.” Currently, an insurer cannot use commercial lines property and casualty forms until the department approves the forms. These amendments would allow such forms to be used immediately until such time as the department finds that the forms are impermissible. The amendments also would allow the department to reassert prior approval status for insurers which exhibit a pattern of noncomplying filings, or for products for which insufficient competition exists in the market place.

MISCELLANEOUS PROVISIONS

Section 23 would provide repealers for amendatory sections.

Section 24 of the bill would provide for outright repeal of section 44-2823 of the Nebraska Hospital-Medical Liability Act which is obsolete on its face.

Explanation of amendments, if any:

1. The committee amendments would change the proposed amendments in section 44-322 (section 3 of the bill) to clarify that the salary schedules of insurance company officers, currently required by this section, shall continue to be filed only with the Department of

Insurance and not filed in conjunction with the filing of annual financial statements with the National Association of Insurance Commissioners.

2. The committee amendments would amend section 44-501 (section 5 of the bill) to provide that this section, which establishes the minimum fire insurance policy provisions for this state by reference to the 1943 Standard Fire Insurance Policy of the State of New York, does not apply to insurance that does not cover risks of a personal nature.

3. The committee amendments would insert and amend section 44-5120 of the Insurers Investment Act to clarify provisions regarding the level of collateral that insurers are required to hold in securities lending transactions. The committee amendments would provide that the requirement for a borrower to deliver to the lending insurer additional cash or securities if the market value of the collateral for all loans outstanding to the borrower is less than 102 percent of the market value of the loaned securities does not apply if the insurer receives cash collateral for all loans outstanding to the borrower.

Senator Mark Quandahl, Chairperson